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5. Top Hungarian party leaders to visit Belgrade: Belgrade's announcement on 5 October--the day Tito returned from a conference with Soviet leaders in Yalta--that five of the top-ranking Hungarian Communist leaders will pay an official visit to Yugoslavia starting on 15 October suggests that

for the present there is to be no explosion in Soviet-Yugoslav relations and no harsh crackdown on the Satellites. Tito may have succeeded to some extent in convincing Soviet leaders that de-Stalinization and "democratization" must not be wiped out in the Satellites, and may have agreed to co-operate with the USSR in holding the liberalization program to a more controlled pace in Hungary and Poland.

The guidelines for the forthcoming talks undoubtedly were laid down in conversations between Tito and Hungarian party first secretary Gero in the Crimea, although Gero reportedly requested an invitation two months ago to send a high-level delegation to Yugoslavia. Gero's trip as head of the delegation will serve the purpose of paying public homage to Tito, as did Hungary's ceremonial reinterment on 6 October of Laszlo Rajk, the former Titoist and "national deviationist." Besides its many efforts to overcome obstacles in its relations with Yugoslavia, Hungary has shown an inclination to adopt a more nationalistic domestic policy and on more than one occasion its leaders have referred to the Yugoslav example as a highly commendable pattern to follow.

The inclusion in the delegation of "moderate" members of the Hungarian party may be designed to prove to Tito that liberalization in Hungary is a reality and need not include the further step of rehabilitating Imre Nagy, as Yugoslavia has been urging.

6. Soviet loan to Hungary: The \$25,000,000 Soviet credit to Hungary announced on 4 October was granted at a time of political unrest and economic need in the country, as was also the case in 23 September loan in the same amount to Poland. It is probably designed to rebut the arguments of Hungarian party "moderates" who have been claiming that the USSR is draining the country's economy. Moscow probably believes that Soviet financial assistance would bolster the Moscow-oriented position and policies of Hungarian party leader Gero, who has been engaged in talks with Soviet leaders in the Crimea.

Fifteen million dollars of the grant will be in raw materials, the remaining \$10,000,000 in convertible currency. This sum will do little to alleviate Hungary's economic problems; these are caused by a perennial shortage of foreign exchange, heavy dependence on imported raw

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materials, a commitment to increase average real wages during the next five-year plan (1956-60) by 25 percent, and heavy financial obligations to the USSR.

By granting loans to recalcitrant Satellites such as Poland and Hungary in an attempt in part to deal with the internal ferment in these countries, the USSR may stimulate demands by other Satellites for additional economic assistance. [REDACTED]